

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6394

BILL NUMBER: HB 1181

NOTE PREPARED: Jan 30, 2014

BILL AMENDED:

SUBJECT: Career and Technical Education Centers.

FIRST AUTHOR: Rep. Frye R

FIRST SPONSOR: Sen. Banks

BILL STATUS: As Passed House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Safe Schools:* This bill provides that a school corporation career and technical education center may receive a grant from the Indiana Safe Schools Fund.

Common School Fund Loans: The bill provides that a school corporation career and technical education center may receive an advance from the Common School Fund. It specifies that each member school corporation is considered to receive a proportionate share of the advance and is responsible for its proportionate share of the repayment based on the number of pupils the school corporation has attending the career and technical education center in the school year when the advance is made. The bill allows a school corporation career and technical education center to receive an advance even if the school corporation has an outstanding advance.

The bill specifies, for purposes of the law relating to controlled project financing, that the project cost is not the total project cost but is to be allocated among the member school corporations based on pupils. It also provides an exception to the property tax circuit breaker credit so that each member school corporation may increase its property tax levy to repay its proportionate share of such an advance that is the same as the exception for a school corporation general fund referendum levy.

Effective Date: July 1, 2014.

Explanation of State Expenditures: *Summary: Safe Schools:* The bill could increase the number of entities that could apply for grants from the Safe School Fund. It is unknown how many of the approximately 30 school corporation career and technical education centers might apply but the impact is probably minor. The total dollar amount to be distributed in grants would remain the same.

Common School Fund Loans: The bill could increase the number of entities that could apply for an advance from the Common School Fund. To qualify for an advance the assessed valuation per ADM of member school corporations would have to be within the lowest 40% of assessed valuation per ADM of school corporations and career and technical education centers in the state. It is unknown how many of the approximately 30 centers might qualify for a Common School Fund advance.

Additional Information: Safe Schools: The Safe Schools Fund provides about 65 grants totaling about \$1 M annually to local schools to pay for programs, equipment, services, or activities included in the safety plan submitted by schools as part of their grant application to the Criminal Justice Institute. The grants awarded have varied from about \$2,000 to \$39,500.

Common School Fund Loans: As of June 30th 2013, the Common School Fund outstanding loan balances were about \$420.1M for 206 construction advances, \$81.3 M for 379 technology advances, and about \$163.4 M in unobligated reserves. The General Fund interest earned on construction loans is about \$17 M annually and \$0.8 M on technology loans. The average interest rate on construction loans was about 4.06% and 1% for technology loans.

The maximum Common School Fund Advance is the greater of \$15 M or \$15,000 times the number of students accommodated by the building. The advance can be made for a period not exceeding 25 years.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Safe Schools: See Explanation of State Expenditures.*

Common School Fund Loans: Member school corporations of career and technical education centers that obtained a Common School Fund advance would be able to increase their debt service levy to fund the advance. The levy would not be subject to the circuit breaker limitations. It is unknown how many centers might apply for a Common School Fund advance.

State Agencies Affected: Department of Education, Criminal Justice Institute, Treasurer.

Local Agencies Affected: Career and Technical Centers

Information Sources: Mary Allen, Criminal Justice Institute, 317-232-1233, Treasurer's Office.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.